administration, the financial position of several States has improved and that their revenue and fiscal deficits have also come down; and

(b) to what extent Government expects that the target fixed for filling revenue and fiscal deficits would be achieved?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) While talking to the media in the Financial Writers Forum, Finance Minister, in general terms, mentioned that due to introduction of VAT and higher devolution by the Twelfth Finance Commission (TFC), financial position of the States are expected to improve.

(b) TFC has recommended 71.7% higher devolution to States during its award period compared to that of Eleventh Finance Commission. This would enable the States to reduce their deficits.

Under the Debt Consolidation and Waiver scheme, recommended by the Twelfth Finance Commission, States are required to enact their Fiscal Responsibility and Budget Management (FRBM) Acts, aimed at, *inter-alia,* eliminating their revenue deficit by 2008-09 and reducing their fiscal deficits to 3% of GSDP. States have also been advised to draw up their Own Fiscal Correction Path to achieve these targets. So far, 18 States have furnished their FRBM Acts. It is expected that the remaining States shall also enact their FRBM Acts and undertake the requisite fiscal correction to achieve the targets.

Sorting out of systemic issues in primary market

1511. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether Government have advised SEBI to sort out systemic issues in primary market;

(b) if so, the details and the context in which such an advisory was issued;

(c) whether with a view to containing abuse of the process of allotment of IPO shares, SEBI is insisting on the banks to follow a stringent 'Know-Your-Client' (KYC) regime;

(d) whether in the pretext of following the new KYC regime, banks are refusing to open small accounts, thereby depriving banking facility to a large number of ordinary citizens; and

(e) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Government has suggested to SEBI to consider examining systemic issues in IPO process to prevent recurrence of the irregularity noticed by SEBI recently while investigating into the IPOs made by Yes Bank Ltd. and IDFC.

(c) SEBI has not given any advice to Banks regarding compliance with KYC norms.

(d) and (e) The KYC guidelines as applicable to Banks are issued by RBI from time to time, which were consolidated and reiterated last *vide a* Master Circular dated November 29,2004. While emphasizing the need for appropriate customer identification and the need for monitoring transactions of a suspicious nature, RBI has, however, advised banks to ensure that the procedure adopted does not lead to denial of access to the general public for banking services. Further, with a view to achieving the objective of greater financial inclusion, all banks are advised to make available a basic banking "no frills" account either with nil or very low minimum balances as well as changes that would make such accounts accessible to vast sections of population. The nature and number of transactions in such accounts could be restricted, but made known to the customer in advance in a transparent manner. All banks are advised to give wide publicity to the facility of such a "no-frills" account including on their web sites indicating the facilities and charges in a transparent manner.

ADB loan to Kerala

1512. SHRI N.K. PREMACHANDRAN: Will the Minister of FINANCE be pleased to state:

(a) whether the ADB extend any grants for undertaking restructuring activities in Tsunami hit areas of Kerala coast;

(b) whether the State Government of Kerala has initiated any steps to make use of the grant and if so, whether the required details called for by the ADB were submitted for availing such grant; and

(c) whether the State Government of Kerala was granted any loans by ADB for Tsunami release work and since when the proposal for grant was pending?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir. ADB has extended a grant of US $23.80 million under theTEAP [Tsunami Emergency Assistance (Sector) Project] to Kerala for undertaking restructuring activities in Kerala.